

**TRICOUNTY AGENCY**  
**FOR INTELLECTUAL DISABILITIES, INC.**

**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTAL INFORMATION**

**September 30, 2020**

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**September 30, 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
TriCounty Agency for Intellectual Disabilities, Inc.  
Jasper, Alabama

We have audited the accompanying financial statements of TriCounty Agency for Intellectual Disabilities, Inc. (a nonprofit corporation) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the TriCounty Agency for Intellectual Disabilities, Inc.'s basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TriCounty Agency for Intellectual Disabilities, Inc., as of September 30, 2020, and the changes in net position and cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Management has omitted the management's discussion and analysis (MD&A) section as required by accounting principles generally accepted in the United States. Such information is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information. However, management has included a Schedule of Changes in the Net Pension Liability, Schedule of Employer Contributions and Other Required Information on pages 25-27, presented to supplement the basic financial statements. We have applied certain limited procedures to this required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of TriCounty Agency for Intellectual Disabilities, Inc. The schedules presented as other supplemental information on pages 29-33 is presented for purposes of additional analysis and is not required as part of the basic financial statements.

The schedule of revenues and schedule of expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues and schedule of expenses are fairly stated in all material respects in relation to the basic financial statements as a whole.

#### *Reports on Other Legal and Regulatory Requirements*

In accordance with **Government Auditing Standards** and the Alabama Department of Mental Health, we have also issued a report dated August 18, 2021 on our consideration of TriCounty Agency for Intellectual Disabilities, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, as well as a report on the entity's compliance with its Alabama Department of Mental Health contract. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with **Governmental Auditing Standards** and as prescribed by the Alabama Department of Mental Health, in considering TriCounty Agency for Intellectual Disabilities, Inc.'s internal control over financial reporting and compliance.



Millport, Alabama  
August 18, 2021

## **BASIC FINANCIAL STATEMENTS**

**TRICOUNTY AGENCY**  
**FOR INTELLECTUAL DISABILITIES, INC.**

**STATEMENT OF NET POSITION**

**September 30, 2020**

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

**CURRENT ASSETS**

Cash in bank	\$ 923,582	
Contracts and other programmatic receivables	180,300	
Prepaid expenses	<u>13,190</u>	
<b>Total Current Assets</b>		\$ 1,117,072

**NONCURRENT ASSETS**

Capital assets:		
Furniture and fixtures	57,170	
Office equipment	268,902	
Transportation equipment	12,000	
Buildings and improvements	<u>408,362</u>	
	746,434	
Less: Accumulated depreciation	<u>(366,955)</u>	
<b>Total Noncurrent Assets</b>		<u>379,479</u>
<b>Total Assets</b>		<u>1,496,551</u>

<b>DEFERRED OUTFLOWS OF RESOURCES (Pension Related)</b>	<u>188,484</u>
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<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 1,685,035</u>
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**LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION**

**CURRENT LIABILITIES**

Accounts payable	\$ 24,779	
Accrued payroll	41,652	
Accrued payroll taxes and deductions payable	31,112	
Accrued retirement payable	7,541	
Accrued compensated absences	79,587	
Other current liabilities	<u>60,233</u>	
<b>Total Current Liabilities</b>		\$ 244,904

**NONCURRENT LIABILITIES**

Note payable - Cares Act PPP loan	160,838	
Net pension liability	754,413	
Accrued compensated absences - long-term	<u>8,382</u>	
<b>Total Noncurrent Liabilities</b>		<u>923,633</u>
<b>Total Liabilities</b>		<u>1,168,537</u>

<b>DEFERRED INFLOWS OF RESOURCES (Pension Related)</b>	<u>113,292</u>
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**NET POSITION**

Invested in capital assets, net of related debt	379,479	
Unrestricted	<u>23,727</u>	
<b>Total Net Position</b>		<u>403,206</u>

<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<u>\$ 1,685,035</u>
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The accompanying Notes to the Financial Statements are an integral part of these financial statements.

**TRICOUNTY AGENCY**  
**FOR INTELLECTUAL DISABILITIES, INC.**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

**For the Year Ended September 30, 2020**

**OPERATING REVENUES**

Contracts - ADMH	\$ 1,028,296	
Other contracts and grants	317,374	
Other donations	13,972	
Miscellaneous	<u>861</u>	
<b>Total Operating Revenues</b>		<b>\$ 1,360,503</b>

**OPERATING EXPENSES**

Salaries and accrued benefits	709,855	
Payroll taxes and fringe benefits	229,814	
Contract services	278,029	
Insurance	35,307	
Rent	9,600	
Utilities and telephone	27,386	
Professional fees	21,489	
Travel and transportation	37,750	
Depreciation	14,390	
Other operating expenses	<u>58,195</u>	
<b>Total Operating Expenses</b>		<u><b>1,421,815</b></u>
<b>Operating (Loss)</b>		<b>(61,312)</b>

**NONOPERATING REVENUES (EXPENSES)**

Interest income	<u>323</u>	
<b>Net Nonoperating Revenues (Expenses)</b>		<u><b>323</b></u>
<b>(Decrease) in Net Assets</b>		<b>(60,989)</b>

<b>NET POSITION - BEGINNING OF YEAR</b>	<u><b>464,195</b></u>
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<b>NET POSITION - END OF YEAR</b>	<u><u><b>\$ 403,206</b></u></u>
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The accompanying Notes to the Financial Statements are an integral part of these financial statements.



**TRICOUNTY AGENCY**  
**FOR INTELLECTUAL DISABILITIES, INC.**

**STATEMENT OF CASH FLOWS**

**For the Year Ended September 30, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from contracts - ADMH	\$ 1,051,451	
Cash received from other contracts and grants	359,777	
Cash received from donations and miscellaneous	14,833	
Payments to and/or for the benefit of employees	(928,762)	
Payments to contractors	(283,430)	
Payments to suppliers and others	<u>(186,688)</u>	
<b>Net Cash Provided by Operating Activities</b>		\$ 27,181

**CASH FLOWS FROM CAPITAL AND RELATED  
FINANCING ACTIVITIES**

Purchases of capital assets	(92,361)	
Proceeds from Paycheck Protection Program loan	<u>160,838</u>	
<b>Net Cash Provided by Capital and Related Financing Activities</b>		68,477

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest income	<u>323</u>	
<b>Net Cash Provided by Investing Activities</b>		<u>323</u>

**Increase in Cash and Cash Equivalents** 95,981

**CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR** 827,601

**CASH AND CASH EQUIVALENTS - END OF YEAR** \$ 923,582

The accompanying Notes to the Financial Statements are an integral part of these financial statements.

**TRICOUNTY AGENCY**  
**FOR INTELLECTUAL DISABILITIES, INC.**

**STATEMENT OF CASH FLOWS - CONTINUED**

**For the Year Ended September 30, 2020**

**Reconciliation of Net Operating Revenues (Expenses) to**

**Net Cash (Used) by Operating Activities:**

Operating (Loss)	\$ (61,312)
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Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
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Depreciation expense	14,390
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Changes in Operating Assets and Liabilities, and Deferred Outflows and	
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Deferred Inflows of Resources:	
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Decrease in contract receivables	65,558
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Decrease in deferred outflows - related to pension plan	43,237
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(Decrease) in accounts payable	(15,000)
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(Decrease) in accrued payroll	(43)
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Increase in accrued payroll taxes and deductions payable	8
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Increase in accrued retirement payable	226
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Increase in accrued compensated absences	1,898
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Increase in net pension liability	39,409
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(Decrease) in deferred inflows - related to pension plan	<u>(61,190)</u>
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**Net Cash Provided by Operating Activities**

\$ 27,181

The accompanying Notes to the Financial Statements are an integral part of these financial statements.

**TRICOUNTY AGENCY**  
**FOR INTELLECTUAL DISABILITIES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of TriCounty Agency for Intellectual Disabilities, Inc. have been prepared in accordance with accounting principles generally accepted in the United States of America, following all pronouncements of the Governmental Accounting Standards Board, and electing not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989. The Governmental Accounting Standards Board is the standard-setting body for governmental accounting and financial reporting.

**CORPORATE STRUCTURE AND PURPOSE/REPORTING ENTITY**

TriCounty Agency for Intellectual Disabilities, Inc. ("TriCounty" and/or "the Agency"), originally named TriCounty Mental Retardation/Developmental Disabilities Board, was formed on September 25, 1997 as a public non-profit corporation under the laws of the State of Alabama, more particularly under the provisions of Act #310 adopted by the State of Alabama Legislature at its 1967 Regular Session. The entity was created pursuant to the Articles of Consolidation of the Fayette and Lamar Counties Mental Retardation/Developmental Disabilities, Inc. and the Walker County Mental Retardation Board. These two predecessor entities were nonprofit corporations organized under the same legislative act and for the same tax exempt purposes. The current entity is governed by a fifteen member board of directors, with five members being appointed by each of the following governing bodies: Walker County Commission, Fayette County Commission, and Lamar County Commission. As of September 30, 2020, there are five vacant slots on the board.

In an effort to initiate the use of respectful and less-offensive terms when referring to individuals with intellectual disabilities, the Articles of Consolidation were amended effective October 1, 2009 to change the entity's name from TriCounty Mental Retardation/Developmental Disabilities Board to **TriCounty Agency for Intellectual Disabilities, Inc.**

The primary purposes of TriCounty, as stated in Article V of the original Certificate of Incorporation, are as follows:

1. The planning and taking of steps leading to comprehensive State and Community action to combat all forms of mental retardation and other developmental disabilities;
2. Studies of the needs and available resources of the State in relation to the above, the development of public awareness of the said disabilities and the need for combating them and the coordination of State and local activities relating to the various aspects of mental retardation and other developmental disabilities;
3. The providing of any one or more of the following services:
  - a. Diagnosis
  - b. Evaluation
  - c. Treatment
  - d. Personal care
  - e. Day care
  - f. Special living arrangements
  - g. Domiciliary care
  - h. Training
  - i. Education
  - j. Employment programs
  - k. Recreation and camping programs
  - l. Counseling to developmentally disabled individuals and their families
  - m. Protective and other social and socio-legal services
  - n. Information and referral services
  - o. Follow along services
  - p. Transportation
  - q. Studies of the needs and resources in relation to the developmentally disabled
  - r. Research relative to the developmentally disabled
  - s. Training of technical and specialized personnel needed in providing service to the developmentally disabled.

**TRICOUNTY AGENCY**  
**FOR INTELLECTUAL DISABILITIES, INC.**

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**September 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**CORPORATE STRUCTURE AND PURPOSE/REPORTING ENTITY - CONTINUED**

4. To contract with others to perform and carry out any of the above programs and purposes;
5. To contract(s) with the Department of Mental Health and other agencies in carrying out programs for individuals with mental retardation and other developmental disabilities within its area of service;
6. To receive funds from the United States Government, the State of Alabama or any local government within the State of Alabama or any other public or private source, and to expend the same in the furtherance of its programs and purposes;
7. Any combination of any of the foregoing.

TriCounty is a special purpose government entity engaged in business-type activities, with a service area consisting primarily of Walker, Fayette and Lamar counties located in the State of Alabama. TriCounty's operations are focused in two primary areas – that of providing intellectual and developmental disabilities services to adults and children, and that of providing early intervention services to infants and toddlers. The funding for these services comes primarily from contracts entered into with the Alabama Department of Mental Health.

**INCOME TAXES AND TAX EXEMPT STATUS**

TriCounty Agency for Intellectual Disabilities, Inc. is a tax-exempt organization under the provisions of Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Accordingly, no provision for income tax has been made. Annually filed tax returns remain open for examination by the IRS for a period of three years from their respective filing dates.

**BASIS OF PRESENTATION, MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

TriCounty's financial statements are presented as being proprietary type (enterprise) in nature. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or fees, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and net income is appropriate for capital maintenance, management control, public policy, accountability or other purposes.

Measurement focus is a term used to describe "which" transactions are being recorded in the various financial statements, while basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied. The financial statements are reported using the "economic resources measurement focus," and the "accrual basis of accounting." With this measurement focus, all assets and all liabilities associated with the Agency's operation are included in the Statement of Net Position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the times of related cash flows.

**USE OF ESTIMATES**

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

**DEPOSITS AND INVESTMENTS**

For purposes of the statement of cash flows, cash and cash equivalents have original maturities of three months or less from the date of acquisition.

**RECEIVABLES**

Receivables under contracts entered into (the majority of which are entered into with the Alabama Department of Mental Health) are stated at cost. These contracts provide the bulk of the funding necessary to fund TriCounty's operations.

**TRICOUNTY AGENCY**  
**FOR INTELLECTUAL DISABILITIES, INC.**

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**September 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**PREPAID EXPENSES**

Prepaid expense is composed of 1) prepaid insurance which is charged to operational expenses on a straight-line method based on the respective policy period, and 2) prepaid rent which is charged to operational expenses incrementally on a monthly basis.

**CAPITAL ASSETS**

The capital assets (property and equipment) of TriCounty are stated at cost or, if donated, fair market value on the date received. Capital assets have historically been defined by TriCounty as assets with initial, individual cost of approximately \$200 and greater, with estimated useful lives of three years or greater. Maintenance and repair costs are charged to operations as incurred. Depreciation is provided for using the straight-line method over the estimated useful lives of the assets. Estimated useful lives of five years for equipment and forty years for buildings and improvements have been assigned to assets in service as of September 30, 2020.

**DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses) until then. Contributions made to the Board's defined benefit pension plan between the measurement date of the net pension liabilities from the plan and the end of the Board's fiscal year will be recognized in subsequent fiscal years.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The deferred amount related to pensions is a result of pension plan investment earnings in excess of the expected amounts included in determining pension expense. This deferred inflow of resources is for revenues that will be recognized in subsequent fiscal years.

**COMPENSATED ABSENCES**

Full-time, permanent employees are granted annual leave benefits (i.e., vacation and sick days) in association with their employment with TriCounty. These benefits vest and are payable to employees upon their termination, assuming employees leave in good standing and fulfill all severance requirements.

The estimated current portion of the liability for vested leave benefits as of September 30, 2020 is recorded as a current liability, while the related long-term portion of the estimated liability is recorded as a component of TriCounty's long-term debt. The estimated liabilities include required salary-related payments (i.e., payroll taxes and retirement benefits).

**REVENUES AND EXPENSES**

TriCounty distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally results from providing the various services to a host of individuals served. TriCounty uses multiple revenue /cost centers to differentiate between the various programs provided.

TriCounty's principal operating revenues are charges made under the contracts entered into with the Alabama Department of Mental Health. Operating revenues also includes certain other revenues, such as other funding contracts, donations, operating grants, and certain other operating income. Operating expenses include the cost/expenses incurred in providing these services, both programmatic and administrative, including depreciation. All revenues and expenses not meeting these definitions are reported as nonoperating revenues, and expenses. Intercompany revenue and expense transactions (i.e., transactions between revenue/cost centers) are eliminated for external reporting purposes.

**INDIRECT COST ALLOCATIONS**

Indirect costs (i.e., administrative-type costs) have been allocated to the TriCounty's various program services based upon the direct cost incurred to provide each of those services.

**DONATED SERVICES**

The value of donated services has not been recorded in the financial statements as presented herein.



**TRICOUNTY AGENCY**  
**FOR INTELLECTUAL DISABILITIES, INC.**

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**September 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**CREDIT RISK**

Financial instruments that potentially subject TriCounty to concentrations of credit risk consist principally of accounts receivable. Concentrations of credit risk with respect to accounts receivable are limited since a substantial portion of the accounts receivable are due from the Alabama Department of Mental Health.

**DEFINED BENEFIT PENSION PLAN**

The Employees' Retirement Systems of Alabama (the Plan) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the Plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Comprehensive Annual Financial Report.

**NET POSITION**

TriCounty's net position is classified into three components:

Net Investment in Capital Assets – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted – Constraints imposed on net position by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation. Currently, TriCounty has no restricted net position.

Unrestricted – Net position that is not subject to externally imposed stipulations and are available for any purpose. Unrestricted net position may be designated for specific purposes by action of the Board of Directors.

When both restricted and unrestricted resources are available for use, it is TriCounty's policy to use restricted resources first, followed by unrestricted resources.

**NOTE 2 - FINANCIAL DEPENDENCY**

TriCounty's operations are funded primarily through annual contracts entered into with the Alabama Department of Mental Health. Continued operations depend entirely upon adequate funding being received through such contracts.

**NOTE 3 - CASH DEPOSITS WITH FINANCIAL INSTITUTIONS**

TriCounty's cash deposits as of September 30, 2020 are as follows:

	<u>Book Balance</u>	<u>Bank Balance</u>
Cash in banks (demand and savings deposits)	\$ 923,582	\$ 932,039

Cash deposits are maintained in financial institutions where balances are either insured by FDIC, or where balances are (or could be – see next paragraph) secured via the financial institution's participation in the State of Alabama's Security of Alabama Funds Enhancement (SAFE) Program. With respect to FDIC coverage, FDIC currently provides insurance coverage on deposits up to \$250,000. With respect to the SAFE Program, it was established by the Alabama Legislature and is governed by the provisions contained in the Code of Alabama, 1975, Sections 41-14A-1 through 41-14A-14. Under the Safe Program all *public funds* are protected through a collateral pool administered by the Alabama State Treasurer's Office. Under this program, financial institutions

**TRICOUNTY AGENCY**  
**FOR INTELLECTUAL DISABILITIES, INC.**

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**September 30, 2020**

**NOTE 3 - CASH DEPOSITS WITH FINANCIAL INSTITUTIONS - CONTINUED**

holding deposits of public funds must pledge securities as collateral against these deposits. In the event of a failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC). If the securities pledged failed to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance.

As shown above, as of September 30, 2020, TriCounty was carrying balances in its bank accounts totaling \$932,039. Of those balances as of that date, \$700,323 was insured by FDIC, \$231,716 was collateralized by the aforementioned SAFE Program.

**NOTE 4 - CONTRACTS RECEIVABLE AND CONTRACT REVENUES - ADMH/MR**

As stated earlier in Note 1, contracts entered into with the Alabama Department of Mental Health provide the bulk of the funding necessary to provide the various services administered by the TriCounty. Contracts receivable as of September 30, 2020, as well as related contract revenues for the year then ended, consist of the following:

	<u>Contract Receivables</u>	<u>Contract Revenues</u>
Alabama Department of Mental Health (including both Federal and State funding components) --		
Adult and children case management and other services	\$ 28,864	\$ 380,882
Early intervention (EI) case management and services	<u>98,327</u>	<u>647,414</u>
	<u>\$ 127,191</u>	<u>\$ 1,028,296</u>

**NOTE 5 – OTHER PROGRAMMATIC RECEIVABLES AND REVENUES**

As of September 30, 2020, other receivables (together with other revenues for the year then ended) consist of the following:

	<u>Receivables</u>	<u>Revenues</u>
Alabama Department of Rehabilitative Services - Medicaid Rehab Option (EI)	\$ 47,972	\$ 301,039
Other - Miscellaneous	<u>5,137</u>	<u>16,335</u>
	<u>\$ 53,109</u>	<u>\$ 317,374</u>

**TRICOUNTY AGENCY**  
**FOR INTELLECTUAL DISABILITIES, INC.**

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**September 30, 2020**

**NOTE 6 – SCHEDULE OF CHANGES IN CAPITAL ASSETS**

The following is a summary of the changes in the capital assets during the year ended September 30, 2020:

	Balance 9/30/2019	Additions	Deletions	Balance 9/30/2020
Furniture and fixtures	\$ 54,035	\$ 3,135	\$ -0-	\$ 57,170
Office equipment	263,048	5,854	-0-	268,902
Transportation equipment	12,000	-0-	-0-	12,000
Leasehold improvements	8,819	-0-	8,819	-0-
Buildings	<u>334,990</u>	<u>73,372</u>	<u>-0-</u>	<u>408,362</u>
	672,892	\$ 82,361	\$ 8,819	746,434
Less: Accumulated depreciation	<u>(361,384)</u>	\$ 14,390	\$ 8,819	<u>(366,955)</u>
	<u>\$ 311,508</u>			<u>\$ 379,479</u>

**NOTE 7 – PAYCHECK PROTECTION PROGRAM LOAN**

On May 1, 2020, TriCounty received a loan from Synovus Bank pursuant to the terms of the Paycheck Protection Program (PPP) as authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan in the amount of \$160,838 has a fixed interest rate of 1%, matures in 2022 and is guaranteed by the Small Business Administration (SBA), an Agency of the United States of America. The funds provided financial assistance during the Coronavirus (COVID-19) pandemic and were used for payroll costs, mortgage payments, rent, utilities, and other qualifying expenses per the terms of the PPP. As of September 30, 2020, the loan was presented as a long-term liability on the accompanying financial statements and expected to qualify for full forgiveness in the subsequent year.

**NOTE 8 - SERVICE PROVIDER AGREEMENTS AND ACCOUNTS PAYABLE**

TriCounty enters outside service provider agreements to perform a large component of the services being provided to the developmentally disabled individuals being served by the organization. During the year ended September 30, 2020 the majority of these sub-contracted services were performed by the following entities:

	Subcontractor Gross Fees Expensed During FYE 9/30/2020	Amounts Payable To Subcontractors at 9/30/2020
UCP of West Alabama, Inc. providing various EI services	70,508	4,968
S. Hall, providing EI speech and language services	54,096	3,644
S. Lolley, providing EI speech and language services	33,475	2,420
S. Jackson, providing EI occupational therapy services	30,645	1,920
A. Newell, providing EI physical therapy services	24,336	1,854
Miscellaneous other contractors	<u>64,969</u>	<u>4,233</u>
Subcontractor totals	\$ <u>278,029</u>	19,039
Miscellaneous other accounts payable		<u>5,740</u>
Total accounts payable		<u>\$ 24,779</u>



**TRICOUNTY AGENCY**  
**FOR INTELLECTUAL DISABILITIES, INC.**

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**September 30, 2020**

**NOTE 9 – DEFINED BENEFIT PENSION PLAN**

TriCounty Agency for Intellectual Disabilities, Inc. participates in the Employees' Retirement System of Alabama (the Plan or ERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for the various state agencies, departments and local municipalities.

**Plan Description**

The Employees' Retirement System of Alabama, an agent multiple-employer plan, was established October 1, 1945, pursuant to *The Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945), for the purpose of providing retirement allowances and other specified benefits for state employees, State police and on an elective basis, to all cities, counties, towns and quasi-public organizations. The responsibility for the general administration and operations of ERS is vested in its Board of Control which consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). *The Code of Alabama 1975, Title 36-Chapter 27* grants the authority to establish and amend the benefit terms to the ERC Board of Control. The Plan issues a publicly available financial report that can be obtained at [www.rsa-al.gov](http://www.rsa-al.gov).

The ERS Board of Control consists of 13 trustees as follows:

- 1) The Governor, ex officio.
- 2) The State Treasurer, ex officio.
- 3) The State Personnel Director, ex officio.
- 4) The State Director of Finance, ex officio.
- 5) Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
- 6) Six members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
  - a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county or a public agency each of whom is an active beneficiary of ERS.
  - b. Two vested active state employees.
  - c. Two vested active employees of an employer participating in ERS pursuant to *The Code of Alabama 1975, Sect. 36-27-6*.

**Benefits Provided**

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for Tier ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the Tier 1 ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375% for each year of State Police service in computing the formula method.

Members are eligible for disability retirement if they have 10 years of creditable service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary based on the member's age, service credit, employment status and eligibility for retirement.

**TRICOUNTY AGENCY**  
**FOR INTELLECTUAL DISABILITIES, INC.**

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**September 30, 2020**

**NOTE 9 – DEFINED BENEFIT PENSION PLAN – CONTINUED**

**Benefits Provided (continued)**

The ERS serves multiple participating employers. TriCounty is one of those participating employers, and its membership as of the measurement date of September 30, 2019 consisted of:

Retirees and beneficiaries currently receiving benefits	6
Vested inactive members	1
Non-vested inactive members	6
Active members	14
Post-DROP participants who are still in active service	<u>-0-</u>
Total	<u>27</u>

**Contributions**

Covered members of Tier 1 ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, Tier 1 covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Tier 1 certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012 certified law enforcement, correctional officers and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, Tier 1 certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.50% of earnable compensation. Tier 1 State Police of the ERS contribute 10% of earnable compensation. ERS local participating employers are not required by statute to increase contribution rates for their members.

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. Tier 2 State Police members of the ERS contribute 10% of earnable compensation. These contribution rates are the same for Tier 2 covered members of ERS local participating employers.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2020, TriCounty's average active employee contribution rate was 5.13% of covered employee payroll, and TriCounty's average contribution rate to fund the normal and accrued liability costs was 11.15% of covered employee payroll.

TriCounty's contractually required contribution rate for the year ended September 30, 2020 was 11.63% of pensionable pay for Tier 1 employees and 7.93% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2017, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the cost of benefits earned by members during the year, with an additional amount to finance and unfunded accrued liability. Total employer contributions to the pension plan from the System were \$61,969 for the year ended September 30, 2020.

**Net Pension Liability**

TriCounty's net pension liability was measured as of September 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2018 rolled forward to September 30, 2019 using standard roll-forward techniques as shown in the following table:

**TRICOUNTY AGENCY**  
**FOR INTELLECTUAL DISABILITIES, INC.**

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**September 30, 2020**

**NOTE 9 – DEFINED BENEFIT PENSION PLAN – CONTINUED**

**Net Pension Liability (continued)**

	<u>TPL Roll Forward</u>	
	<u>Expected</u>	<u>Actual</u>
(a) Total Pension Liability as of 9/30/2018	\$ 2,765,076	\$ 2,698,658
(b) Discount Rate	7.70%	7.70%
(c) Entry Age Normal Cost for the period October 1, 2018-September 30, 2019	37,480	37,480
(d) Transfers among Employers	-0-	(1,537)
(e) Actual Benefit Payments and Refunds for the period October 1, 2018-September 30, 2019	<u>(139,223)</u>	<u>(139,223)</u>
(f) Total Pension Liability as of 9/30/2019 [(a) x (1 + (b))] + (c) + (d) – [(e) x (1 + 0.5*(b))]	<u>\$ 2,870,884</u>	<u>\$ 2,797,815</u>
(g) Difference between Expected and Actual:		\$ (73,069)
(h) Less Liability Transferred for Immediate Recognition		(1,537)
(i) Experience (Gain)/Loss = (g) – (h)		\$ (71,532)

**Actuarial Assumptions**

The total pension liability in the September 30, 2019 actuarial valuation was determined based on the annual actuarial funding valuation prepared as of September 30, 2018. The key actuarial assumptions are summarized below:

Inflation	2.75%
Projected salary increases	3.25% - 5.00%
Investment rate of return*	7.7%

\*Net of pension plan investment expense

Mortality rates for ERS were based on the sex distinct RP-2000 Blue Collar Mortality Table Projected with Scale BB to 2020 with an adjustment of 125% at all ages for males and 120% for females ages 78 and older. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disabled Retiree Mortality Table Projected with Scale BB to 2020 with an adjustment of 130% at all ages for females.

The actuarial assumptions used in the September 30, 2017 valuation were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2015. The Board of Control accepted and approved these changes in September 2016, which became effective at the beginning of fiscal year 2016.

The long term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:



**TRICOUNTY AGENCY**  
**FOR INTELLECTUAL DISABILITIES, INC.**

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**September 30, 2020**

**NOTE 9 – DEFINED BENEFIT PENSION PLAN – CONTINUED**

**Actuarial Assumptions (continued)**

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	17.00%	4.40%
US Large Stocks	32.00%	8.00%
US Mid Stocks	9.00%	10.00%
US Small Stocks	4.00%	11.00%
International Dev Market Stocks	12.00%	9.50%
International Emerging Mkt Stocks	3.00%	11.00%
Alternatives	10.00%	10.10%
Real Estate	10.00%	7.50%
Cash Equivalents	3.00%	1.50%
	<u>100.00%</u>	

\*Includes assumed rate of inflation of 2.50%

**Discount Rate**

The discount rate used to measure the total pension liability was the long term rate of return, 7.70%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in Net Pension Liability**

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2018	\$ 2,765,076	\$ 2,050,072	\$ 715,004
Changes for the year:			
Service Cost	37,480		37,480
Interest	207,551		207,551
Changes of assumptions	-0-		-0-
Differences between expected and actual experience	(71,532)		(71,532)
Contributions – employer		54,781	(54,781)
Contributions – employee		27,419	(27,419)
Net investment income		51,890	(51,890)
Benefit payments, including refunds of employee contributions	(139,223)	(139,223)	-0-
Administrative expense		-0-	-0-
Transfers among employers	(1,537)	(1,537)	-0-
Net Changes	<u>32,739</u>	<u>(6,670)</u>	<u>39,409</u>
Balances at September 30, 2019	\$ 2,797,815	\$ 2,043,402	\$ 754,413

**TRICOUNTY AGENCY**  
**FOR INTELLECTUAL DISABILITIES, INC.**

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**September 30, 2020**

**NOTE 9 – DEFINED BENEFIT PENSION PLAN – CONTINUED**

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following table presents TriCounty's net pension liability calculated using the discount rate of 7.70%, as well as what TriCounty's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.70%) or 1 percentage point higher (8.70%) than the current rate:

	1% Decrease (6.70%)	Current Discount Rate (7.70%)	1% Increase (8.70%)
TriCounty's net pension liability	\$ 1,018,361	\$ 754,413	\$ 529,112

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2019. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2019. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes detail by employer and in aggregate additional information needed to comply with GASB 68. The additional financial and actuarial information is available at [www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/](http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/).

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2020, TriCounty recognized pension expense of \$83,424. At September 30, 2020, TriCounty reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,806	\$ 113,292
Changes in assumptions	88,590	-0-
Net difference between projected and actual earnings on pension plan investments	\$ 24,119	\$ -0-
Employer contributions subsequent to the measurement date	61,969	-0-
Total	<u>\$ 188,484</u>	<u>\$ 113,292</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

Year ended September 30:

2021	\$ 7,540
2022	(13,579)
2023	(1,481)
2024	20,743
Thereafter	-0-

**NOTE 10 – COMPENSATED ABSENCES**

TriCounty Agency for Intellectual Disabilities, Inc.'s financial statements include a liability for the accrual of compensated absences (i.e. vacations or annual leave) earned on behalf of employees. As of September 30, 2020 salaried employees were earning annual leave at a minimum rate of 2 days per month. The estimated current liability associated with accrued compensated absences as of September 30, 2020 totals \$79,587, while the estimated long term portion totals \$8,382.

**TRICOUNTY AGENCY**  
**FOR INTELLECTUAL DISABILITIES, INC.**

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**September 30, 2020**

**NOTE 11 – NET POSITION**

The following is a summary of the changes in TriCounty's net position during the year ended September 30, 2020:

	<u>Invested in Capital Assets</u>	<u>Unrestricted Net Assets</u>	<u>Total</u>
Beginning of year	\$ 311,508	\$ 152,687	\$ 464,195
Change in investment in capital assets, net of related debt	67,971	(67,971)	-0-
(Decrease) in net assets (i.e., revenues under expenses)	<u>-0-</u>	<u>(60,989)</u>	<u>(60,989)</u>
End of year	<u>\$ 379,479</u>	<u>\$ 23,727</u>	<u>\$ 403,206</u>

The following calculation supports the net assets invested in capital assets, net of related debt:

Furniture and fixtures	\$ 57,170
Office equipment	268,902
Transportation equipment	12,000
Buildings and improvements	408,362
Less: Accumulated depreciation	<u>(366,955)</u>
Subtotal	379,479
Less: Capital related long-term debt	<u>-0-</u>
Total net assets invested in capital assets, net of related long-term debt	<u>\$ 379,479</u>

**NOTE 12 – CONDENSED FINANCIAL DATA – ADULTS AND CHILDREN VS. INFANTS AND TODDLERS**

As stated in Note 1, the operations of TriCounty Agency for Intellectual Disabilities, Inc. consists primarily of serving two primary focus groups suffering from developmental disabilities – 1) adults and children and 2) infants and toddlers. The overall and combined excesses of revenues over expenses associated with the operation of these programs accumulate to comprise the entity's net assets. Management's intent is to reserve/designate these unrestricted net assets to be used for the benefit of the respective programs to which they relate. Accordingly, the two proprietary-type activities are now maintained and accounted for separately, and combined for financial statement reporting purposes.

**TRICOUNTY AGENCY**  
**FOR INTELLECTUAL DISABILITIES, INC.**

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**September 30, 2020**

**NOTE 12 – CONDENSED FINANCIAL DATA – ADULTS AND CHILDREN VS. INFANTS AND TODDLERS - CONTINUED**

	Adult and Children's Programs	Early Intervention Programs	Eliminations	Combined Organizational Totals
<b><u>Condensed Statements of Net Position</u></b>				
<b><u>as of 9/30/2020:</u></b>				
Current Assets				
Cash in bank	\$ 461,696	\$ 461,886	\$ -0-	\$ 923,582
Contracts and other receivables	103,845	198,737	(122,282)	180,300
Other	2,585	10,605	-0-	13,190
Noncurrent Assets, Net	364,317	15,162	-0-	379,479
Total Assets	932,443	686,390	(122,282)	1,496,551
Deferred Outflows of Resources	124,062	64,422	-0-	188,484
Total Assets and Deferred Outflows of Resources	\$ 1,056,505	\$ 750,812	\$ (122,282)	\$ 1,685,035
Current Liabilities	\$ 205,588	\$ 161,598	\$ (122,282)	\$ 244,904
Noncurrent Liabilities	616,597	307,036	-0-	923,633
Total Liabilities	822,185	468,634	(122,282)	1,168,537
Deferred Inflows of Resources	66,981	46,311	-0-	113,292
Net Position	167,339	235,867	-0-	403,206
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,056,505	\$ 750,812	\$ (122,282)	\$ 1,685,035
<b><u>Condensed Statements of Revenues,</u></b>				
<b><u>Expenses for the year ended 9/30/2020:</u></b>				
Operating Revenues	\$ 509,924	\$ 948,759	\$ (98,180)	\$ 1,360,503
Operating Expenses	563,084	956,911	(98,180)	1,421,815
Operating Income (Loss)	(53,160)	(8,152)	-0-	(61,312)
Interest Income	323	-0-	-0-	323
Increase (Decrease) in Net Position	\$ (52,837)	\$ (8,152)	\$ -0-	\$ (60,989)

**NOTE 13 – OPERATING LEASES**

Upon the completion and occupancy of a new office building located at 143 Highway 5 in Jasper, Alabama, TriCounty ceased leasing the office building that they previously occupied on North Walston Bridge Road. The majority of the operations of TriCounty are conducted from its new Jasper office along with an Agency-owned office located in Fayette.

The Agency is continuing however to rent a small office space located in Winfield, Alabama. The space is being rented on a month-to-month basis for \$500 per month and serves as an office as well as a climate controlled storage location, being used by TriCounty's early intervention programs. And finally, the Agency rents and/or pays annual renewal fees for the use of certain data maintenance software.

The following is a schedule of the future lease obligations associated with rentals noted above:

<u>Year Ended September 30:</u>	<u>Lease Obligations</u>
2021 and thereafter	\$ -0-



**TRICOUNTY AGENCY**  
**FOR INTELLECTUAL DISABILITIES, INC.**

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**September 30, 2020**

**NOTE 14 – RISK MANAGEMENT**

TriCounty Agency for Intellectual Disabilities, Inc. purchases and maintains commercial insurance to cover what management believes to be all areas in which significant losses might occur as a result of conducting its day-to-day operations. Namely, in that TriCounty is totally service oriented, the coverage maintained relates to general and professional liability, and workers compensation. With the exception of the coverage offered by these and a small office contents policy, TriCounty retains risk of loss in any other area. Management believes that the insurance coverage is adequate to prevent significant uninsured risk exposure to TriCounty. With respect to the insurance coverage maintained, there has been no significant reduction in coverage amounts.

**NOTE 15 – UNCERTAINTY AND CONTINGENCY ASSOCIATED WITH CONTRACT MONITORING**

In general, TriCounty Agency for Intellectual Disabilities, Inc.'s financial statements and other financial and programmatic data are periodically subjected to grantor/contract monitoring and reviews. Such monitoring and reviews, which extends to both focus groups (adults/children and early intervention (i.e. infants and toddlers), can potentially result in grantor charge-backs of monies previously provided under the contracts. As a result, these financial statements are subject to the grantor's final review and approval. Those state agencies providing monitoring reviews of many of TriCounty's various program services include, but are not limited to, the following: Alabama Department of Mental Health, Alabama Medicaid Agency, and Alabama Department of Rehabilitation Services.

Other current liabilities (\$60,233) results from inadvertent "excess-accruals" associated with cost report liabilities booked in prior years. Though currently unaware of any forthcoming charge-backs, management to date has opted to allow these inadvertent excess accruals to remain as a liability for the purpose of serving as a reserve for possible charge-backs by funding agencies that, though unknown and unexpected, might occur in the normal course of the TriCounty's operations.

**NOTE 16 – SUBSEQUENT EVENTS**

The date through which subsequent events have been evaluated is August 18, 2021, the date of this report.

During the spring of 2020, the Agency began coping with the outbreak of COVID-19 pandemic which is adversely affecting the nation. On March 13, 2020, the President of the United States declared a state of emergency in response to the COVID-19 pandemic. Subsequently, on the same day, the Governor of Alabama declared a state of emergency. As a result, the operations of federal, state, and local governments including educational institutions have been modified to ensure the safety of its citizenry as well as its employees. Attempts have been and are continually being made to provide/deliver programmatic services to the best of the Agency's ability, including but not limited to the utilization of virtual settings.

The Paycheck Protection Program has been one source that has been tapped as a means of subsidizing operations. As stated in Note 7, on May 1, 2020, TriCounty received a loan from Synovus Bank pursuant to the terms of the Paycheck Protection Program (PPP) as authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan in the amount of \$160,838 has a fixed interest rate of 1%, matures in 2022 and is guaranteed by the Small Business Administration (SBA), an Agency of the United States of America. Subsequent to year-end, on February 2, 2021, the Agency received notice that the loan had been forgiven under the terms of the loan. Those same loan terms require that TriCounty (the borrower) must retain all records relating to the PPP loan for six (6) years from the date the loan is forgiven.

Once again, the Agency anticipates that financial operations will likely continue to be adversely impacted by the extended pandemic; however the duration and severity of the effects of the pandemic is indeterminable at this time.

Aside from the above referenced matters, management is not aware of any other material subsequent event occurrences that would require recording or disclosure.



## **REQUIRED SUPPLEMENTARY INFORMATION**

**TRICOUNTY AGENCY**  
**FOR INTELLECTUAL DISABILITIES, INC.**

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY - UNAUDITED**

For the Year Ended September 30, 2020

	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>						
Service Cost	\$ 37,480	\$ 49,516	\$ 59,179	\$ 53,466	\$ 57,183	\$ 60,732
Interest	207,551	205,640	201,851	173,482	158,887	150,003
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(71,532)	(90,342)	(87,261)	(1,492)	66,901	-
Changes of assumptions	-	12,384	-	317,822	-	-
Benefit payments, including refunds of employee contributions	(139,223)	(135,724)	(114,025)	(98,140)	(102,924)	(96,448)
Transfers among employers	(1,537)	2,322	-	(1,199)	-	-
<b>Net change in total pension liability</b>	<b>32,739</b>	<b>43,796</b>	<b>59,744</b>	<b>443,939</b>	<b>180,047</b>	<b>114,287</b>
<b>Total pension liability - beginning</b>	<b>2,765,076</b>	<b>2,721,280</b>	<b>2,661,536</b>	<b>2,217,597</b>	<b>2,037,550</b>	<b>1,923,263</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 2,797,815</b>	<b>\$ 2,765,076</b>	<b>\$ 2,721,280</b>	<b>\$ 2,661,536</b>	<b>\$ 2,217,597</b>	<b>\$ 2,037,550</b>
<b>Plan Fiduciary Net Position</b>						
Contributions - employer	\$ 54,781	\$ 54,803	\$ 55,517	\$ 53,509	\$ 48,902	\$ 48,626
Contributions - member	27,419	27,241	28,166	28,584	30,146	30,576
Net investment income	51,890	175,833	220,291	161,220	18,802	169,767
Benefit payments, including refunds of employee contributions	(139,223)	(135,724)	(114,025)	(98,140)	(102,924)	(96,448)
Transfers among employers	(1,537)	2,322	-	(1,199)	-	41,411
<b>Net change in plan fiduciary net position</b>	<b>(6,670)</b>	<b>124,475</b>	<b>189,949</b>	<b>143,974</b>	<b>(5,074)</b>	<b>193,932</b>
<b>Plan net position - beginning</b>	<b>2,050,072</b>	<b>1,925,597</b>	<b>1,735,648</b>	<b>1,591,674</b>	<b>1,596,748</b>	<b>1,402,816</b>
<b>Plan net position - ending (b)</b>	<b>\$ 2,043,402</b>	<b>\$ 2,050,072</b>	<b>\$ 1,925,597</b>	<b>\$ 1,735,648</b>	<b>\$ 1,591,674</b>	<b>\$ 1,596,748</b>
<b>Net pension liability (asset) - ending (a) - (b)</b>	<b>\$ 754,413</b>	<b>\$ 715,004</b>	<b>\$ 795,683</b>	<b>\$ 925,888</b>	<b>\$ 625,923</b>	<b>\$ 440,802</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>73.04%</b>	<b>74.14%</b>	<b>70.76%</b>	<b>65.21%</b>	<b>71.77%</b>	<b>78.37%</b>
<b>Covered employee payroll</b>						
<b>Net pension liability (asset) as a percentage of covered-employee payroll</b>	<b>\$ 555,779</b>	<b>\$ 533,194</b>	<b>\$ 537,251</b>	<b>\$ 571,683</b>	<b>\$ 571,683</b>	<b>\$ 605,112</b>
	<b>135.74%</b>	<b>134.10%</b>	<b>148.10%</b>	<b>161.96%</b>	<b>109.49%</b>	<b>72.85%</b>

Note ) This schedule is intended to reflect information for ten years. Additional years will be displayed as they become available.

**TRICOUNTY AGENCY**  
**FOR INTELLECTUAL DISABILITIES, INC.**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS - UNAUDITED**

**For the Year Ended September 30, 2020**

	<b>FY 2020</b>	<b>FY 2019</b>	<b>FY 2018</b>	<b>FY 2017</b>	<b>FY 2016</b>	<b>FY 2015</b>
Actuarially determined contributions	\$ 61,969	\$ 56,754	\$ 56,770	\$ 57,596	\$ 55,625	\$ 50,992
Contributions in relation to the actuarially determined contribution	61,969	56,754	56,770	57,596	55,625	50,992
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 555,816	\$ 533,194	\$ 537,251	\$ 562,024	\$ 571,683	\$ 599,811
Contributions as a percentage of covered employee payroll	11.15%	10.64%	10.57%	10.25%	9.73%	8.50%

**NOTES TO SCHEDULE - SUMMARY OF SIGNIFICANT PENSION PLAN PRACTICES**

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2020 were based on the September 30, 2017 actuarial valuation.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	19.1 years
Asset valuation method	Five year smoothed market
Inflation	2.750%
Salary increases	3.25 - 5.0%, including inflation

Note ) This schedule is intended to reflect information for ten years. Additional years will be displayed as they become available.

**TRICOUNTY AGENCY**  
**FOR INTELLECTUAL DISABILITIES, INC.**

**GASB NO. 68 ADDITIONAL REQUIRED SUPPLEMENTAL INFORMATION**

**For the Year Ended September 30, 2020**

Beginning Balance										Ending Balance	
Year	Initial Balance / of Losses / Deferred Outflow	Initial Balance / of Gains / Deferred Inflow	Amort. Period	Deferred Outflows (a)	Deferred Inflows (b)	Losses / Deferred Outflows (c)	Gains / Deferred Inflows (d)	Amounts Recognized in Pension Expense / Deferred Outflow (e)	Amounts Recognized in Pension Expense / Deferred Inflow (f)	Deferred Outflows (a) + (c) - (e)	Deferred Inflows (b) + (d) - (f)
<b>Collective Deferred Outflows and Inflows between Expected and Actual Experience</b>											
2019	\$ -	\$ 71,532	3.9	\$ -	\$ -	\$ -	\$ 71,532	\$ -	\$ 18,342	\$ -	\$ 53,190
2018	\$ -	\$ 90,342	4.0	\$ -	\$ 67,756	\$ -	\$ -	\$ -	\$ 22,586	\$ -	\$ 45,170
2017	\$ -	\$ 87,261	3.6	\$ -	\$ 38,783	\$ -	\$ -	\$ -	\$ 24,239	\$ -	\$ 14,544
2016	\$ -	\$ 1,492	5.4	\$ -	\$ 664	\$ -	\$ -	\$ -	\$ 276	\$ -	\$ 388
2015	\$ 66,901	\$ -	6.3	\$ 24,425	\$ -	\$ -	\$ -	\$ 10,619	\$ -	\$ 13,806	\$ -
Total				\$ 24,425	\$ 107,203	\$ -	\$ 71,532			\$ 13,806	\$ 113,292
<b>Collective Deferred Outflows and Inflows for Differences from Assumption Changes</b>											
2018	\$ 12,384	\$ -	4.0	\$ 9,288	\$ -	\$ -	\$ -	\$ 3,096	\$ -	\$ 6,192	\$ -
2017	\$ -	\$ -	3.6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 317,822	\$ -	5.4	\$ 141,254	\$ -	\$ -	\$ -	\$ 58,856	\$ -	\$ 82,398	\$ -
Total				\$ 150,542	\$ -	\$ -	\$ -			\$ 88,590	\$ -
<b>Collective Deferred Outflows and Inflows for Differences in Investment Experience</b>											
2019	\$ 103,711	\$ -	5.0	\$ -	\$ -	\$ 103,711	\$ -	\$ 20,742	\$ -	\$ 82,969	\$ -
2018	\$ -	\$ 28,589	5.0	\$ -	\$ 22,871	\$ -	\$ -	\$ -	\$ 5,718	\$ -	\$ 17,153
2017	\$ -	\$ 86,954	5.0	\$ -	\$ 52,172	\$ -	\$ -	\$ -	\$ 17,391	\$ -	\$ 34,781
2016	\$ -	\$ 34,576	5.0	\$ -	\$ 13,831	\$ -	\$ -	\$ -	\$ 6,915	\$ -	\$ 6,916
2015	\$ 107,983	\$ -	5.0	\$ 21,595	\$ -	\$ -	\$ -	\$ 21,595	\$ -	\$ -	\$ -
Total				\$ 21,595	\$ 88,874	\$ 103,711	\$ -			\$ 82,969	\$ 58,850
Net difference between projected and actual earnings on investments										\$ 24,119	

See Auditor's Report on Supplemental Information.

## **OTHER SUPPLEMENTAL INFORMATION**

**TRICOUNTY AGENCY**  
**FOR INTELLECTUAL DISABILITIES, INC.**

**SCHEDULE OF REVENUES**

**For the Year Ended September 30, 2020**

	Federal Government (Medicaid) and Matching State Funds	Federal Government (Other) and Matching State Funds	Other Operating Contracts	Other Funding	Total
<b>OPERATING REVENUES</b>					
<b>Contracts -</b>					
ADMH (Department of Health and Human Services - Medicaid) <u>and matching State funding via</u> Alabama Department of MH)	\$ 380,882	-	-	-	\$ 380,882
ADMH (ADRS - Federal, State and Local)		647,414	-	-	647,414
<b>Other Contracts and Grants -</b>					
ADRS (Medicaid Rehab Option)	301,039	-	-	-	301,039
Other Revenues	-	-	16,335	-	16,335
<b>Other donations</b>	-	-	-	13,972	13,972
<b>Miscellaneous revenues</b>	-	-	-	861	861
Total Operating Revenues	<u>681,921</u>	<u>647,414</u>	<u>16,335</u>	<u>14,833</u>	<u>1,360,503</u>
<b>NONOPERATING REVENUES</b>					
Interest income	<u>-</u>	<u>-</u>	<u>-</u>	<u>323</u>	<u>323</u>
Total Nonoperating Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>323</u>	<u>323</u>
Total Revenues	<u>\$ 681,921</u>	<u>\$ 647,414</u>	<u>\$ 16,335</u>	<u>\$ 15,156</u>	<u>\$ 1,360,826</u>

See Auditor's Report on Supplemental Information.

**TRICOUNTY AGENCY**  
**FOR INTELLECTUAL DISABILITIES, INC.**

**SCHEDULE OF EXPENSES**

**For the Year Ended September 30, 2020**

	PROGRAM EXPENSES						
	ADULT & CHILDREN			EARLY INTERVENTION		ADMIN EXPENSES	Total Expenses
	Case Management	Other Services	Total	Case Management & Services	Total Program Expenses		
<b>OPERATING EXPENSES</b>							
Salaries and accrued benefits -							
Salaries	\$ 227,247	\$ 23,584	\$ 250,831	\$ 367,706	\$ 618,537	\$ 89,420	\$ 707,957
Accrued compensated absences	4,924	-	4,924	(4,920)	4	1,894	1,898
Payroll taxes and fringe benefits -							
Payroll taxes	17,118	1,564	18,682	28,332	47,014	6,710	53,724
Retirement expense	30,097	3,451	33,548	35,828	69,376	14,048	83,424
Health insurance	37,905	3,563	41,468	42,771	84,239	8,427	92,666
Contract services	-	12,194	12,194	265,754	277,948	81	278,029
Insurance	6,990	663	7,653	25,526	33,179	2,128	35,307
Rent	1,500	600	2,100	6,000	8,100	1,500	9,600
Utilities and telephone -							
Utilities	5,369	170	5,539	3,028	8,567	2,753	11,320
Telephone and internet	2,863	288	3,151	10,530	13,681	2,385	16,066
Professional fees	4,348	4,695	9,043	11,057	20,100	1,389	21,489
Travel and transportation	4,684	31	4,715	32,433	37,148	602	37,750
Depreciation	-	-	-	4,610	4,610	9,780	14,390
Other operating expenses	10,116	3,217	13,333	30,079	43,412	14,783	58,195
Indirect cost allocation	353,161	54,020	407,181	858,734	1,265,915	155,900	1,421,815
	55,267	8,453	63,720	92,180	155,900	(155,900)	-
Total Operating Expenses	\$ 408,428	\$ 62,473	\$ 470,901	\$ 950,914	\$ 1,421,815	\$ -	\$ 1,421,815

See Auditor's Report on Supplemental Information.

**TRICOUNTY AGENCY**  
**FOR INTELLECTUAL DISABILITIES, INC.**

**SCHEDULE OF DIRECTORS**

**September 30, 2020**

The following is a summary listing of the individuals currently serving on the Board of Directors as of September 30, 2020:

<u>Name/Address</u>	<u>Representing</u>	<u>Position</u>
Linda Bender 326 County Road 4107 Jasper, AL 35503	Walker County	President
Don Bell 389 Woodland Hills Circle Fayette, AL 35555	Fayette County	Vice-President
Gwen Buckley P. O. Box 426 Sulligent, AL 35586	Lamar County	Secretary
Susan Weeks 4010 Highway 18 East Fayette, AL 35555	Fayette County	Treasurer
Jonathan Mayhall 1411 Indiana Avenue Jasper, AL 35501	Walker County	Executive Committee
Lucy Box 2443 McGill Gin Road Sulligent, AL 35586	Lamar County	Member
Angie Gossett 1208 10 <sup>th</sup> Avenue Jasper, AL 35501	Walker County	Member
Jo T. Logan 712 24 <sup>th</sup> Street Fayette, AL 35555	Fayette County	Member
O'Neal Sparks 98 Buttercup Terrace Cordova, AL 35550	Walker County	Member
Linda Winn 507 Glen Oaks Drive Jasper, AL 35504	Walker County	Member



**TRICOUNTY AGENCY**  
**FOR INTELLECTUAL DISABILITIES, INC.**

**SCHEDULE OF DIRECTORS - CONTINUED**

**September 30, 2020**

<u>Name/Address</u>	<u>Representing</u>	<u>Position</u>
Position Vacancy	Fayette County	Member
Position Vacancy	Fayette County	Member
Position Vacancy	Lamar County	Member
Position Vacancy	Lamar County	Member
Position Vacancy	Lamar County	Member
Sonja Banks 85 North Walton Bridge Road Jasper, AL 35504		Executive Director

**TRICOUNTY AGENCY**  
**FOR INTELLECTUAL DISABILITIES, INC.**

**SCHEDULE OF SUBCONTRACTORS\***

**September 30, 2020**

Name/Address of Subcontractor

- UCP of West Alabama, Inc.  
1100 UCP Parkway  
Northport, AL 35476
- Shelby Hall  
Speech & Language Therapy Services  
9821 Charolais Drive  
Tuscaloosa, AL 35405
- Sheila Jackson  
Occupational Therapy Services  
74 County Road 344  
Nauvoo, AL 35578
- Sherrae Lolley  
Speech & Language Therapy Services  
442 Dupuy Drive  
Guin, AL 35563

\*Listing of contractors, each of which was paid in excess of \$25,000.

**REPORT ON INTERNAL CONTROL AND  
COMPLIANCE AND OTHER MATTERS  
IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS***

# R. SCOTT COLE

CERTIFIED PUBLIC ACCOUNTANT

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P.O. BOX 880

MILLPORT, ALABAMA 35576

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FAX: (205) 662-4500

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC  
ACCOUNTANTS

MEMBER  
ALABAMA SOCIETY OF  
CERTIFIED PUBLIC  
ACCOUNTANTS

## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
TriCounty Agency for Intellectual Disabilities, Inc.  
Jasper, Alabama

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of TriCounty Agency for Intellectual Disabilities, Inc. (a nonprofit corporation), which comprise the statement of net position as of September 30, 2020, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise TriCounty Agency for Intellectual Disabilities, Inc.'s basic financial statements, and have issued our report thereon dated August 18, 2021.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered TriCounty Agency for Intellectual Disabilities, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the TriCounty Agency for Intellectual Disabilities, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore material weaknesses or significant deficiencies may exist that are not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the TriCounty Agency for Intellectual Disabilities, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under ***Government Auditing Standards***.

**Purpose of this Report**

This report is intended solely to describe the scope of our testing of internal control and compliance and results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Millport, Alabama  
August 18, 2021

**REPORT ON COMPLIANCE  
WITH THE ALABAMA DEPARTMENT  
OF MENTAL HEALTH CONTRACT**

**R. SCOTT COLE**

CERTIFIED PUBLIC ACCOUNTANT

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MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC  
ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE WITH DEPARTMENT OF  
MENTAL HEALTH CONTRACT**

MEMBER  
ALABAMA SOCIETY OF  
CERTIFIED PUBLIC  
ACCOUNTANTS

To the Board of Directors  
TriCounty Agency for Intellectual Disabilities, Inc.  
Jasper, Alabama

We have audited contract numbers G0-3348-54H2 and G0-298572 between the Alabama Department of Mental Health (DMH) and TriCounty Agency for Intellectual Disabilities, Inc. (a nonprofit corporation) as of and for the year ended September 30, 2020.

Compliance with the DMH contracts/grants/agreements, Provider Agreement and all applicable laws, rules, and regulations applicable to TriCounty Agency for Intellectual Disabilities, Inc. is the responsibility of TriCounty's management. As part of obtaining reasonable assurance about whether the contracts/grants/agreements, Provider Agreement and all applicable laws, rules, and regulations were complied with, we performed certain tests of transactions and made other determinations as outlined in each requirement of Section 12, *Audit for Compliance with the Contract* of the DMH Audit Guidelines. Revenues and expenditures were analyzed to determine if they were in compliance with applicable terms and conditions of the contracts/grants/agreements.

The results of our tests disclosed no material instances of noncompliance with the DMH contracts/grants/agreements, and all applicable laws, and regulations.

This report is intended for the information and use of the members of the board, management and DMH. However, this report is a matter of public record, and its distribution is not limited.



Millport, Alabama  
August 18, 2021